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FROM THE ED's DESK

My dear friends,

It's been a most eventful year for the business, with many battles won while some live to see another day. Significantly:

- Brand "Asian" completed 50 years.
- We completed the financial restructuring program commenced five years ago, exited BIFR and merged with KEC International Ltd.
- We won several awards in Quality, logistics and exports.
- We introduced several new products into the market.
- We recommenced sale of Telecom products in India and outside.

This is not the end of the road; in fact we are now on the expressway to growth! Having set a goal of Rs.1000 crs in revenues in 3 years, we are now aggressively adding capacity and going up the value chain. Keep watching this space.

Despite all the rapid changes in our business, we remain steadfast in our belief "to strive, to seek, to find and not to yield".

Cheers & best wishes for the holiday season!

Sincerely,

Nikhil Gupta

50th
Anniversary

*At the end of 50
years of our purpose-
filled existence,
we are brimming
with the experience
of a veteran and
fresh enthusiasm.*



OUTER SHEATH IN CABLES

Like all sensitive products, cables too require protection from the environment if these have to perform efficiently over their life time.

The concept of extruded PVC as outer sheath was developed to provide satisfactory corrosion protection for cables in the mid 1950s and since then PVC sheaths have become the most commonly used type of protective finish for cables. Outer sheaths are of particular interest for the protection of insulated conductor, metal sheaths, reinforcement and armour in all type of cables. Whether the installation is below or above ground, cables supplied with an outer sheath of extruded polymeric material have become nearly universal.

Outer sheath should be such that it is not susceptible to degradation by ultraviolet light, hence it is recommended that black colour compound should be used wherever possible for service involving exposure to sunlight.

Two newer classes of polyethylenes which are now being used for cable sheathing are high density polyethylene (HDPE), and medium density polyethylene (MDPE).

In special situations, outer sheath can be flame retardant, with minimum toxic fumes emission and low smoke in a fire. This has been extensively covered in our earlier edition of C2C (Volume 1, Issue 2).

GRADE OF SHEATH MATERIAL

For cables, flexibility and easy sheath removal are important and the grade of PVC used for sheathing is softer than that used for insulation. Toughness and resistance to deformation both during and after installation are of greater significance. For most purposes sheaths are black, in order to give good resistance to sunlight, but where this is not important colours may be adopted as a means of cable identification.

When applied over any type of cable, extruded PVC provides a clean finish and contributes to ease of handling.

CHARACTERISTICS OF PVC SHEATH

In combination with a good measure of flame retardance, and resistance to oils and chemicals, PVC contributes much to robustness and ease of handling. Very few chemicals normally found in the ground on cable routes have significant effect on PVC.

POLYETHYLENE OUTER SHEATHS

Although from the outset PVC became the established material for cables, polyethylene has been preferred since it does not suffer from effects of brittleness at low temperatures and so has a particular advantage for installation. On balance the overall advantages and disadvantages of the two materials are marginal and it is more economic for manufacturers to standardise on one material. Polyethylene is flammable and this is one of the main reasons for the preference for PVC. Another is that resistance to thermal deformation is an important characteristic for distribution cables. Whilst polyethylene may be marginally better for temperatures within the normal continuous operating range, it softens more than PVC above 80°C, and at 130°C it flows readily under mechanical load. Many grades of polyethylene are available and for outer sheaths it is necessary to select one which has good resistance to environmental stress cracking.

HIGH DENSITY AND MEDIUM DENSITY POLYETHYLENE OVERSHEATHS

To avoid the damage to extruded sheaths due to mechanical deformation and due to the presence of sharp stones in the cable trench, material which is tougher than PVC would be desirable. HDPE and MDPE are materials which are extremely hard and difficult to damage even with a sharp spade thrown directly at the cable. However, these materials are not suitable as an alternative to PVC because these are very rigid and increase cable stiffness. HDPE and MDPE sheaths cost a little more than PVC sheaths and this is also a factor which has restricted their use on the cable. Even more care has to be taken in grade selection than with PE to ensure good resistance to cracking in some environments. In general sheath should be suitable for protection against ants, termites and rodents.

TESTS ON SHEATHS

Apart from tests on the dimensions and properties of the materials used as per relevant standards, it is recommended to conduct Sheath voltage test and Abrasion and penetration test additionally.



A WHOLE NEW START!

This year brand "Asian" has achieved the remarkable milestone of being in business for 50 years. This is a commendable achievement for any company and was no different for RPG Cables. To celebrate this golden jubilee year, we hosted a special function in Mumbai on 26th April. Adding glitter to the gold was the announcement of the merger of RPG Cables Limited with RPG Group Company, KEC International Limited.

The gala event, hosted by Mr. Harsh Goenka, Chairman RPG Enterprises, took place at plush banquet hall on Mumbai's scenic Worli Seaface, in the backdrop of the iconic Bandra-Worli Sea Link. The event was graced by the presence of industry doyens and our stakeholders including competitors, vendors, bankers, customers and employees.

The function commenced with an address by Mr. Ramesh .D. Chandak, M.D. KEC International Ltd. Mr. Chandak, spoke about the importance of RPG Cables' merger with KEC International and how it would create enviable synergies across two powerful brands in the power-transmission and distribution space. He sent out a strong message about the future of RPG Cables, as a business and a brand, its expansion plans, Greenfield project at Baroda, new products, geographic markets and strategic outlook.

The event was a great opportunity for RPG Cables to celebrate with its extended family of customers, ex-employees, suppliers, lenders and competitors. The gathering gave people an opportunity to interact in an informal setting and forge closer and personal bonds with each-other.

The event was a nostalgic occasion for all of us associated with RPG Cables and the industry since many years. It took people back in time to cherished memories of the early days of the industry and also propelled them to think ahead in time about the bright future RPG Cables now has, as a part of KEC International Ltd.





QUALITY JOURNEY AT RPG CABLES

Changing an organization doesn't happen overnight. It takes time to understand what needs changing; to build changes into the plans; to learn how to make the changes work and to see the benefits. A good way to think of change is like a journey. Organizational change can be time consuming and might lead to a new organizational structure and culture. Therefore, at RPG Cables, before starting implementation of organizational change, management first explores and discusses the necessity of this change. Some of the driving factors are:

- Customer Focus;
- Innovation;
- Speed of the organization;
- Flexibility;
- Risk Management;

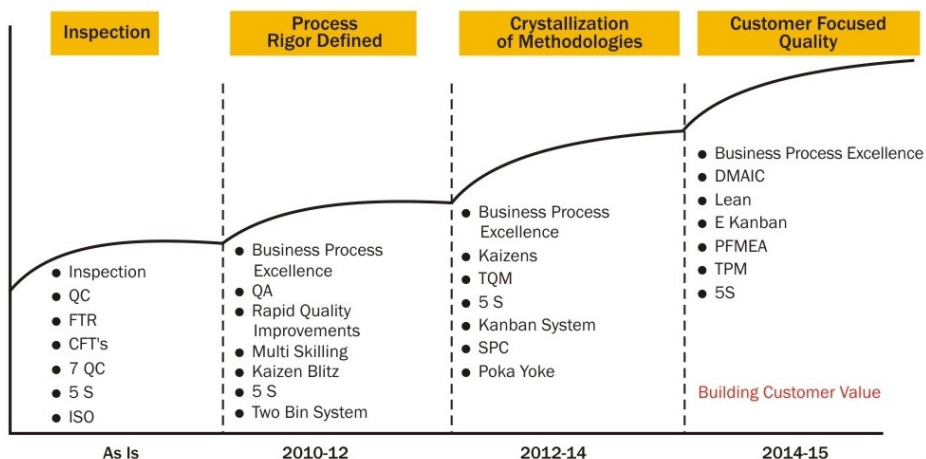
Organizations are increasingly finding that implementing a certain change or method is not enough. In order to achieve excellent results, it is necessary to tackle Quality in a structured and long-term way. This means that, to start with, it is necessary to concentrate on a thorough planning of how the business has to be developed with a focus on Quality. At RPG

Cables, as a part of our endeavor to move towards excellence, a strategic plan containing all Quality related activities is developed combining different concepts, philosophies, approaches, and methods in such a way that they lead to good competitiveness and excellent business results.

The model below shows the Customer centric approach that RPG Cables has adopted as our Quality Journey towards Business Excellence.

As we move along this journey we will gain knowledge, experience and capabilities. We will be able to do more as we progress and understand more. In reality an organization that is successful in creating continuous improvement is an organization that has changed and is changing. We at RPG Cables admire the fact that 'Change is the only constant in the world' and we still have a long way to go as this journey progresses. In the times to come, as these changes will grow in their impact and the organization will reach points where it is barely recognizable as the same organization that embarked on the journey.

Roadmap: Quality Journey at RPG Cables





TELECOM CABLES GROWTH

Our telecom cables unit in Mysore is now buzzing with activity with significant growth in order booking for both copper cables and Optical fiber cables. The company is manufacturing both Foam Skin and Solid PE insulated copper cables currently to serve customers in India and abroad.

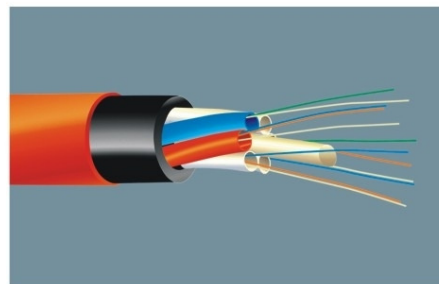
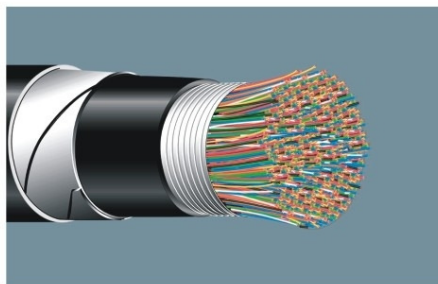
Optic Fiber Cable unit is having a healthy order book and we are currently processing about 40000 fiber kms of Cables per month. The unit has exported telecom cables to 9 countries in the last 2 quarters alone and has also been successful in getting repeat orders from most of them. With export looking up and complimented by strong demand from domestic telecom companies including BSNL, Tatas, Reliance, etc. RPG Cables is poised to register substantial growth in telecom cables business this fiscal.

Apart from producing copper telecom cables to TEC specs as is generally used in India, the company is also manufacturing foam skin insulated telecom cables to cater to the export market. **The manufacturing facility is for twisted pair cables from 2 pairs to 2400 pairs and in various conductor diameters such as 0.4, 0.5, 0.6, 0.63, to 0.9 mm. Optic Fiber Cables range include both Single and Multimode cables.** The manufacturing range includes duct, direct burial and aerial cables including the fig 8 construction as well as ADSS Cables. The company has recently exported 700 kms of Fiber Optic cables with G 655 fibers, and has also tied up

with internationally reputed fiber suppliers for meeting its fiber requirements in the coming months. The Company has type approvals from TEC, RDSO etc and is also a registered with EIL for its telecom cables. The Telecom cables manufacturing unit in Mysore is certified to ISO 9000 standards.

With the increased activities in telecom cables business, the company has shifted from local to global sourcing of various inputs bringing in cost effectiveness and better quality. RPG Cables Mysore has recently received Type Approval for its Optic fiber cables up to 144 fibers from an overseas customer. The company is competitively placed in some of the international tenders. With enough flexibility in manufacturing we shall be able to cater to tailor made customer requirements and shorter deliveries now.

Merger of RPG Cables with KEC International Limited has opened up an all together new avenue by which the company is able to take up large turnkey telecom projects including, supply, laying, erection, installation and commissioning of telecom network. KEC also has its offices in various countries all over the world and has also got necessary experience for installation of several thousand kms of telecom cables in India and outside. It is expected that the synergy out of the merger will help growth for the company through a comprehensive service package to the customer.





FROM THE NEWS DESK

FINANCIAL RESULTS FY 2009-10

We clocked gross revenue of Rs.375 crs in the financial year just concluded. This is approximately same as in the previous year, despite a downturn in exports and commodity prices. RPG Cables is now a part of KEC International Ltd, which reported revenue of over Rs. 3900 crs and PBT of Rs. 293 crs in 2009-10, both up from the previous year.

ANNUAL MANAGEMENT CONCLAVE 2010-11 FROM DREAM TO REALITY!

At RPG Cables, we believe in open and transparent communication with all our stakeholders. Once a year, the senior management team of the company meets to share the successes and travails of the previous year and the Vision and plans of the business for the future with all the employees. This is also an opportunity for the employees to network with the leadership team. Awards are also presented for outstanding performance in Sales, manufacturing & Quality.

At the recently held concluded Annual Management Conclave, we celebrated the completion of the financial restructuring of the company and shared our new Vision for

the business "We will be among the top 3 cable businesses in terms of revenue & profitability in our chosen lines of business and the preferred partners to our stakeholders".

We look forward to sharing with you our goals, personally.

OUR MARKETING / SALES TEAM

To reach out to our customers and for better accessibility, our marketing team has been re-organized as below:

Mr. Sanjay Deosthali, Head Western Region will now also head the Eastern Region.

(sanjay.deosthali@rpgcables.com)

Mr. Sanjay Kumar, will now reach out to the customers in hitherto unrepresented Madhya Pradesh.

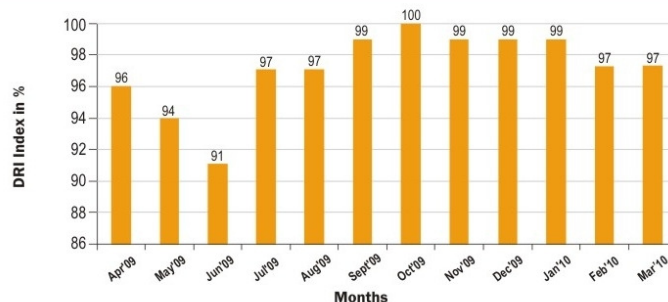
(sanjaykumar@rpgcables.com)

Mr. Nitin Chazzed, who was heading the pricing team at back end, will now be head of the Bombay, sub region.

(nitin@rpgcables.com)

Also, Mr. Ashutosh Chadha (chadhaa@rpgcables.com) and Mr. Ravi Das Nayak (nayakry@rpgcables.com) have newly joined in the Western Region team, at Pune and Mumbai, respectively.

Delivery Rating Index (DRI)



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